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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

NIC 00497-84
23 January 1984

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH: National Intelligence Officer for Warning

FROM: John Horton
National Intelligence Officer for Latin America

SUBJECT: Warning and Forecast Report for Latin America
January 1984

1. The following items were discussed at the Warning and Forecast Meeting held on 18 January 1984.

Nicaragua

2. Anti-Sandinista activity is on the rise with the FDN continuing to make deep incursions in northern Nicaragua. The activity consists mostly of small-scale attacks on military installations and some government warehouses as well as coastal air and sea raids. In the northeast, the Miskitos have maintained constant pressure while ARDE activity in the south is relatively low. The government has committed some 4,000 to 6,000 troops -- mostly militia -- to deal with the FDN, launching sweep operations designed to encircle the insurgents. There are signs that both the insurgents and the army are suffering command and control as well as logistic problems in the field. The insurgent activity has had an impact on the coffee harvest with some 75 percent of the producers reporting shortages of manual laborers. There is little evidence to date, however, that harassment activity at Corinto and Puerto Sandino had a significant effect on trade.

3. Despite recent gestures toward liberalization, the Sandinistas have not established an effective dialogue with the Church or the domestic opposition. Nor have their amnesty proposals gone over well. On the other hand, press censorship has been eased and the recent announcement they will hold elections for a President, Vice President, and a 60-member constituent

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assembly should improve their image abroad. An election date is supposed to be announced on 21 February and as long as elections are on track, we expect more -- albeit incremental -- movement toward liberalization, possibly including some relaxation in the state of emergency, greater opposition access to the media, the release of political prisoners, and invitations to friendly countries to observe the elections.

4. The nine members of the Directorate will have to choose one among themselves to run as President. This could generate some frictions, but the Directorate has already tackled some serious issues such as the Cuban role and the departure of the Salvadoran guerrillas, and it is unlikely this would lead to any major internal shakeup. The democratic opposition, on the other hand, is not unified and unlikely to agree on a single candidate.

5. On the negotiating front, several positive developments were noted. As a result of the talks in early January, Nicaragua's proposal to put a freeze on arms acquisitions was rejected, the concept of ensuring "military balance" in the region was inserted, and committees were established to begin work simultaneously on political, security, and economic issues. On the down side, the language on verification is fuzzy, the Core Four would have preferred a later reporting deadline than 30 April, and the guidelines are weak in themselves although they do allow for stronger language when the actual treaty is drafted.

6. Looking ahead, the following potential dangers or surprises are possible:

- Guatemala is already creating some trouble, and it could pose a serious threat to Core Four unity as the negotiations play out;
- The Contadora Four are anxious for solutions and may push for compromises unacceptable to the Core Four or the United States;
- Bargaining will favor the Nicaraguans, who appear to have overstated their position, while the Core Four have put their demands on the line leaving little room to fall back. If the Contadora Four attempt to mediate by urging a middle position, the Nicaraguans could afford to be flexible while the Core Four may appear obdurate -- leaving the impression they would be responsible for a breakdown in the negotiations;
- Nicaragua may demand direct US involvement to underwrite the agreements, thus paving the way for a greater Cuban involvement as well;
- If the talks stall or break down, Nicaragua may push for talks under UN auspices that could be highly detrimental to Core Four and US interests;

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- Nicaragua could surprise us by proposing to include ARDE in the talks and insisting that the FMLN in El Salvador become a participant as well.
- Lastly, the Nicaraguans may agree to free, internationally-supervised elections at an early date in the belief that the opposition is weak and they are almost certain victors given their organizational strengths. Thereafter, the Sandinistas would keep just enough opposition around to demonstrate their continuing commitment to pluralism.

Suriname

7. Despite recent efforts to resolve the bauxite workers' strike, the underlying political situation remains unstable. Bouterse's strategy has been to buy time by offering concessions to the bauxite strikers in an effort to avoid a confrontation, but he probably would resort to force if strike activity resurfaced, if it took on increasingly political overtones, and he felt backed into a corner. Bouterse was reluctant to use force primarily because he was burnt by his role in the December 1982 murders of opposition figures and did not want to give the United States a pretext to move against him. He might also have been concerned that the strikers could put up a good defense (they have hoses that spray caustic soda and some of the construction equipment could crush an armored personnel carrier) or that if he had tried to use a big stick it would crumble in his hand.

8. Bouterse showed a willingness to make significant economic concessions and he may be willing to concede some additional political points -- such as lifting the ban on political parties -- in a future confrontation, but he is not likely to relinquish power despite his lack of support outside some key military units. Democratic business leaders or the pro-Cuban People's Revolutionary Party may approach the military to move against Bouterse, but the military itself lacks any good candidate to take over. There is no indication to date that Surinamese exiles are working actively in Suriname against Bouterse or have plans to do so, although we wonder if they might be providing some support to the strikers.

9. Bouterse is trying to form a new, broadly-based government that probably will be more acceptable to the Brazilians and the Dutch, while maintaining Suriname's revolutionary credentials and non-aligned foreign policy. The removal of Prime Minister Alibux will please the Dutch and could pave the way for an eventual resumption of aid. Rapprochement with Cuba appears unlikely, but Havana might try to insert former leftist Minister Sital [redacted] now residing in Cuba should the Bouterse regime fall.

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Guyana:

11. Guyana has serious economic and political problems, and the economic situation could get much worse. The regime is financially bankrupt and the government's refusal to come up with a credible economic recovery program precludes any chance for IMF support. Rice stocks are low and expected to run out before the March harvest. This could spark major unrest because no grain is being imported and hunger is visiting a growing number of people. Although strikes in the bauxite plants were suppressed by troops last May, there have been few signs of overt unrest largely because of the passivity of the population and the repressiveness of the regime. For now, the people seem to be tending their kitchen gardens to survive and thinking of ways to get out of the country. President Burnham's health had been a major concern, [REDACTED]

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[REDACTED] He has shown a growing tendency, however, to set aside difficult problems instead of resolving them.

12. The Soviets have some 30 people in Guyana, but are not likely to come to Burnham's assistance or increase their role or influence there significantly. There is no evidence that the Cubans have military advisers in Guyana or that their role and influence is growing: We suspect that most of the reports to this effect are being generated by the Caracas rumor mill. Burnham and the Cubans don't trust each other, and Cuban aims in Guyana probably will remain limited to using it as a place to meet other Caribbean friends and to curry favor with the unions and the media against the day when the Burnham regime collapses.

13. There is no obvious successor to Burnham. Hamilton Green is a leading contender, but he [REDACTED] would be no improvement. [REDACTED]

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